

# Centralized SECREP Management Proof of Principle (POP) Pilot Test



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**LOGBOARD 08**  
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# Centralized SECREP Management POP Pilot Test



**Purpose:** Update Senior Logisticians and other Senior Leadership on execution of the Centralized SECREP Management POP Pilot Test.

**Agenda:**

- Pilot Test Overview
- Potential of Enterprise Management
- Planning & Vetting Process
- What Guides the Pilot Test
- Enterprise Business Decisions
- Measuring Efficacy (Metrics)
- The Way Ahead



# Centralized SECREP Management Pilot Test Overview



- Purpose of the Pilot Test:
  - seek proof of principle which tests the effects of enterprise management on SECREP support provided to Marine Corps ground equipment.
- Pilot Test Endstate:
  - a modernized SECREP management process identified which enhances logistics support to the MAGTF by increasing effectiveness and improving efficiency across the enterprise.
  - a workforce established by LOGCOM, focused on inventory management, which provides long-term continuity and the expertise to train Marines to deploy a RIP into forward operating environments.



# Centralized SECREP Management Pilot Test Overview



- Pilot Test Method:
  - HQMC I&L oversees the implementation and conduct of the Pilot Test, which is a collaborative process between MARCORLOGCOM and the MARFORs.
  - all involved in the Pilot Test will consider enterprise information and use enterprise resources when making SECREP business decisions.
  - the Pilot Test was devised, and will be conducted, so as not to impede any Commander's ability to maintain equipment readiness.



# Centralized SECREP Management Pilot Test Overview



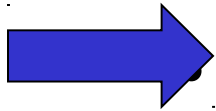
- What the Pilot Test will NOT do:
  - remove MARFOR financial responsibility or funding.
  - remove MARFOR accountability or inventory management responsibility.
  - physically centralize inventory.
  - reduce manning or structure at the RIPs.
  - impede MARFOR field-level maintenance capabilities.
  - assume control of MARFOR facilities.



# Centralized SECREP Management Pilot Test Overview



~Mar-Sep  
2008



## Phase I (**Consensus / Clarity**)

- Select COA for Operational Test
- Establish Functional SECREP WIPT
- Developed/publish business rules
- Develop MARFOR/LOGCOM performance goals
- Align resources and establish time line to execute

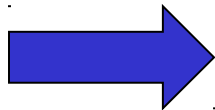
~1<sup>st</sup>-2<sup>nd</sup>  
Qtr  
FY09



## Phase II (**Execution**)

- Execute operational test
- Collect and analyze performance data
- Re-convene WIPT to provide rudder

~3<sup>rd</sup> Qtr  
FY09



## Phase III (**Decision**)

- Review and Validate test results
- DC I&L will reconvene WIPT to discuss implementation plans and follow-on actions.



# Centralized SECREP Management Potential of Enterprise Management

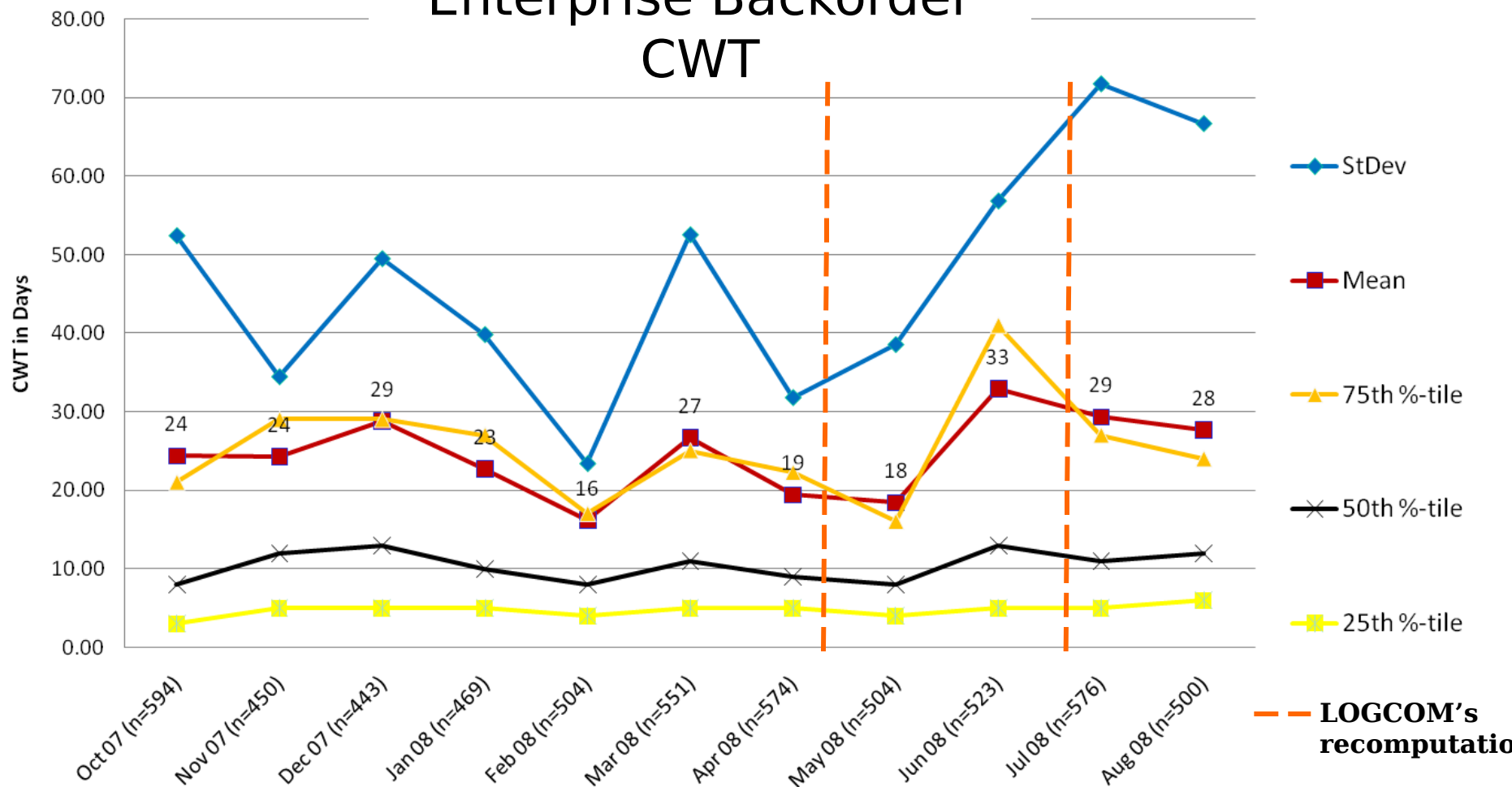


- Increase effectiveness:
  - Reduce backorder CWT.
  - Improve fill rates.
- Improve efficiency:
  - Reduce inventory.
  - Optimize inventory positioning.
  - Increase enterprise inventory turns.
  - Improve SECREP availability and reliability.
- Standardize supply management processes.
- Implements continuous performance analysis.





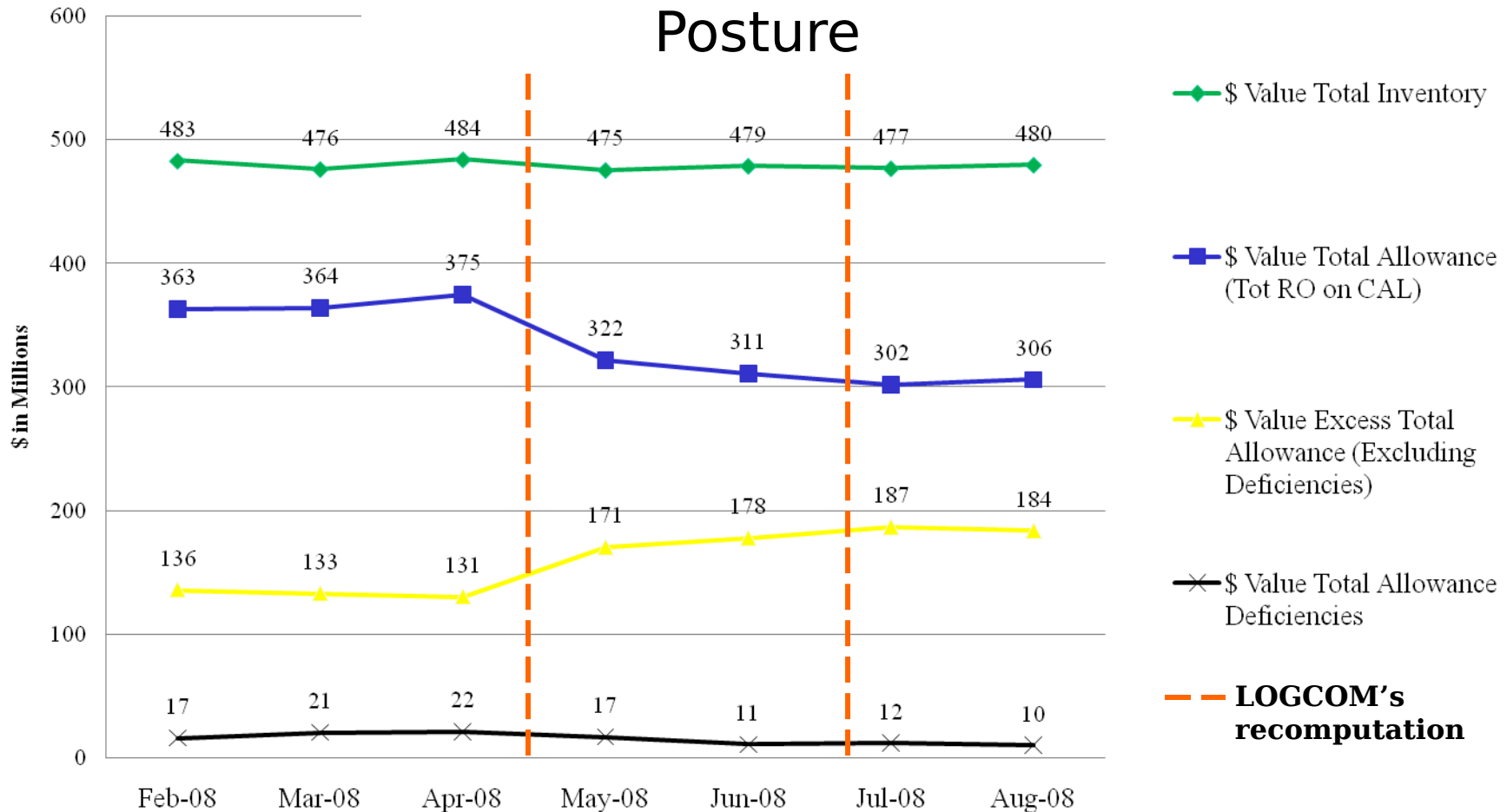
# Centralized SECREP Management Potential of Enterprise Management Enterprise Backorder CWT







# Centralized SECREP Management Potential of Enterprise Management Enterprise Inventory Posture





# Centralized SECREP Management Potential of Enterprise Management



- Full support for deployed operations.
- Optimize capability in garrison; support TECOM, MCAGCC, MCTSSA, and other non-FMF organizations.
- Leverage and link Inventory across the enterprise.
- Develop RIP workforce long-term expertise; use expertise to maintain consistency and provide training.
- Optimize and geo-position inventory.
- Mitigate operational risk each MEF faces independently.



# Centralized SECREP Management Planning & Vetting Process



- DC, I&L Intent for Centralized SECREP Mgmt WIPT
  - HQMC I&L, MCLC, MCSC, and the MARFORs collaborate in the formulation of a plan which moves forward with the execution of a Centralized SECREP Management Pilot Test.
- Method for Pilot Test Planning and Consensus
  - Phased approach using a series of cross-functional WIPTs whose results are validated by a SECREP Council of Colonels.
  - WIPT 1 (18-20 Mar): analyzed POP Pilot Test objectives.
  - WIPT 2 (21-23 Apr): discussed/validated Pilot Test requirements.
  - WIPT 3 (13-15 May): developed detailed business rules and refined metrics.
  - WIPT 4 (21-25 Jul): finalized purpose, scope, responsibilities, process, and other issues affecting conduct of Pilot Test.



# Centralized SECREP Management Planning & Vetting Process



- **21 Feb:** DC, I&L and CG, MCLC approves continuing action and planning with MARFORs toward Pilot Test.
- **27 Mar:** Council of Colonels 1 validates Pilot Test objectives.
- **1 Apr:** Quad MLG brief received with enthusiasm.
- **28 Apr:** Recomputation initiated.
- **4 Jun:** Council of Cols 2 approves business rules, metrics.
- **7 Jul:** Recomputation completed.
- **12 Aug:** Council of Cols 3 finalizes Playbook.
- **14 Aug:** DC, I&L and CG, MCLC briefed on status and provide approval to implement Pilot Test.
- **19 Aug:** WIPT begins monthly pre-Pilot Test metrics review.
- **26-28 Aug:** LOGCOM training of Site Managers and contractors.



# Centralized SECREP Management What Guides the Pilot Test



- Business Rules with focus on functional areas:
  - Inventory Management
  - Allowance Management
  - Sourcing and Distribution Management
  - Procurement Management
- Business rules guide SECREP Site Manager, who collaborates with RIP and IMA, to consider the following factors:
  - Availability from SOS, local asset posture, enterprise posture
  - WIP status (IMA and/or commercial), Maint RCT
  - Phase-in/-out plans, DMSMS, obsolescence
  - IMA skill set retention requirements
  - Requirement criticality
  - Cost vs. Time tradeoff



# Centralized SECREP Management What Guides the Pilot Test



## PLAYBOOK

FUNCTION: establish purpose and scope, provide background,  
and define business rules and metrics.

Executive Summary (What, When, Why)

Chapter 1: Introduction (Purpose, POA&M, Scope, Arbitration  
Process)

Chapter 2: Management Functions and Business Rules

Inventory Management

Allowance Management

Sourcing / Distribution Management

Procurement Management

Chapter 3: Metrics and Definition of Success

POP Pilot Test Metrics and Data Collection

Performance Analysis and Reporting

Definition of Success



# Centralized SECREP Management What Guides the Pilot Test

## CONOPS

FUNCTION: outline the SECREP management functions necessary to  
conduct the POP Pilot Test.

Section I: Purpose

Section II: Scope

Section III: Concept of Operations

E1 IMA Repair Decision

E2 Code F/Disposition Decision

E3 Source Management ISO B/O

Tracking/Resolution of Customer B/Os

Buys / End of Year Buy Strategy

Redistributions

Inventory/CAL and DASFs Mngt

MRP Mngt

Allowance Change Requests

Obsolete Items

PWR Requirements

Warranty Mngt

IIP Process

Training and Reporting





**Flowchart of Centralized SECREP Management Pilot Test**

The flowchart illustrates the process for managing SECREP (Specialized Equipment Control and Reporting) for damaged gear. It starts with a 'customer with damaged gear' leading to 'INDUCTION' (E1). A decision point 'IS REPAIR OF SECREP REQUIRED?' (E1) leads to 'REPAIR' or 'REPLACE'. 'REPAIR' leads to 'RIP RECEIPT FROM IMA' (E2), which then leads to 'RIP WAREHOUSING' (E3). 'REPLACE' leads to 'RIP RECEIPT FROM IMA' (E2), which then leads to 'RIP WAREHOUSING' (E3). 'RIP WAREHOUSING' (E3) leads to 'RIP RECEIPT FROM CONTRACT' (E4), which then leads to 'RIP RECEIPT FROM SUB-FLOAT'. 'RIP RECEIPT FROM SUB-FLOAT' leads to 'RIP RECEIPT FROM SOURCE & REDISTRIBUTION'. 'RIP RECEIPT FROM SOURCE & REDISTRIBUTION' leads to 'ANNUAL RECOMPUTATION' (E5) and 'CAL MANAGEMENT' (E6). 'ANNUAL RECOMPUTATION' (E5) leads to 'REDISTRIBUTION'. 'REDISTRIBUTION' leads to 'customer with damaged gear'.

**E1: Is repair of SECREP Required?**

**E2: Code F Decision Process**

**E3: Source Management ISO B/O**

**E4: Receipt from Contract**

**E5: Annual Recomputation**

**E6: Cal Management**

**Flowchart Steps:**

- customer with damaged gear
- INDUCTION (E1)
- IS REPAIR OF SECREP REQUIRED? (E1)
- REPAIR
- REPLACE
- RIP RECEIPT FROM IMA (E2)
- RIP WAREHOUSING (E3)
- RIP RECEIPT FROM CONTRACT (E4)
- RIP RECEIPT FROM SUB-FLOAT
- RIP RECEIPT FROM SOURCE & REDISTRIBUTION
- ANNUAL RECOMPUTATION (E5)
- CAL MANAGEMENT (E6)
- REDISTRIBUTION

- Enterprise Management (E)
- Customer Facing (C)
- Damaged Gear (D)
- Warehouse (W)
- Specialty Item (S)
- Bookkeeping (B)
- Unmapped Processes

<b>KEY</b>	<b>ATAC</b> Advance Traceability and Control	<b>CAL</b> Consolidated Asset Utilizing	<b>DEMO</b> Defense Reutilization Management Office	<b>EDMS</b> Electronic Key Management System	<b>IIP</b> Initial Issue Processing	<b>IMA</b> Intermediate Maintenance Activity	<b>MSP</b> Material Return Program	<b>RP</b> Repairable Issue Point	<b>SOS</b> Source of Supply	<b>WOLPH</b> Web Online Process handling
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# Centralized SECREP Management Measuring Efficacy: Metrics



Customer Support: *Effectiveness*

• **Fill Rate:** How often Customer Demand is filled

## **SUCCESSFUL PILOT TEST DEFINED:**

- **-Improvement in EFFICIENCY**
- **- No appreciable increase in**

Inventory Management: *Effectiveness*

- **Inventory Excesses:** Dollar value of inventory excess to Total Allowance and dollar value of inventory excess to ERQ.

## **VERY SUCCESSFUL PILOT TEST DEFINED:**

- **-Improvement in EFFICIENCY**
- **-Increase in EFFECTIVENESS**

value during a fixed period (normally a month)



# Centralized SECREP Management Measuring Efficacy: Scorecard



Metric	Desired Direction	What it Measures	Baseline Summary	Apr 08 Results	May 08 Results	Jun 08 Results	Jul 08 Results	Aug 08 Results	Comments
Inventory Excess to Total Allowance (\$)	↓	Inventory Mgmt-Efficiency	Range \$133-136 M	\$ 131 M ↓	\$ 171M ↑	\$ 178 M ↑	\$ 187 M ↑	\$ 184 M ↑	
Inventory Excess to ERQ (\$)	↓	Inventory Mgmt-Efficiency	To Be Added						
Inventory Deficiencies (\$)	↓	Inventory Mgmt-Efficiency	Range \$17-21 M	\$ 22 M ↑	\$ 17 M ↔	\$ 11 M ↓	\$ 12 M ↓	\$ 10 M ↓	
Backorder CWT (days)	↓	Customer Support: Effectiveness	Mo Avg. Range 16-27 d	19 d ↔	18 d ↔	33 d ↑	29 d ↔	28 d ↔	
Enterprise Aggregate Fill Rate (%)	↑	Customer Support: Effectiveness	Monthly Range 83-87	81 % ↓	82 % ↓	81 % ↓	85 % ↔	84 % ↔	
Enterprise Inventory Turns	↑	Inventory Mgmt-Efficiency	0.63					→	

Favorable Change to baseline  
 No Change to baseline  
 Unfavorable Change to baseline



# Centralized SECREP Management The Way Ahead



- **1 Oct 08-** LOGCOM and MARFORS execute POP Pilot  
**31 Mar 09:** Test.
- **May 09:** WIPT reconvenes to evaluate Pilot Test data and business rules.
- **Jul 09:** WIPT makes recommendations on enterprise policy for Centralized SECREP Management.
- **TBD:** DC, I&L decides on implementation of Centralized SECREP Management policy.



# Centralized SECREP Management Summary



- Opportunities to improve efficiencies and increase effectiveness exist.
- HQMC I&L, LOGCOM, MARFORs, and SYSCOM collaborated, and reached consensus on, purpose, scope, business rules, and metrics of the Pilot Test.
- On track for 1 Oct POP Pilot Test implementation.

# Centralized SECREP Management Proof of Principle (POP) Pilot Test



## Questions?



# Centralized SECREP Management Proof of Principle (POP) Pilot Test



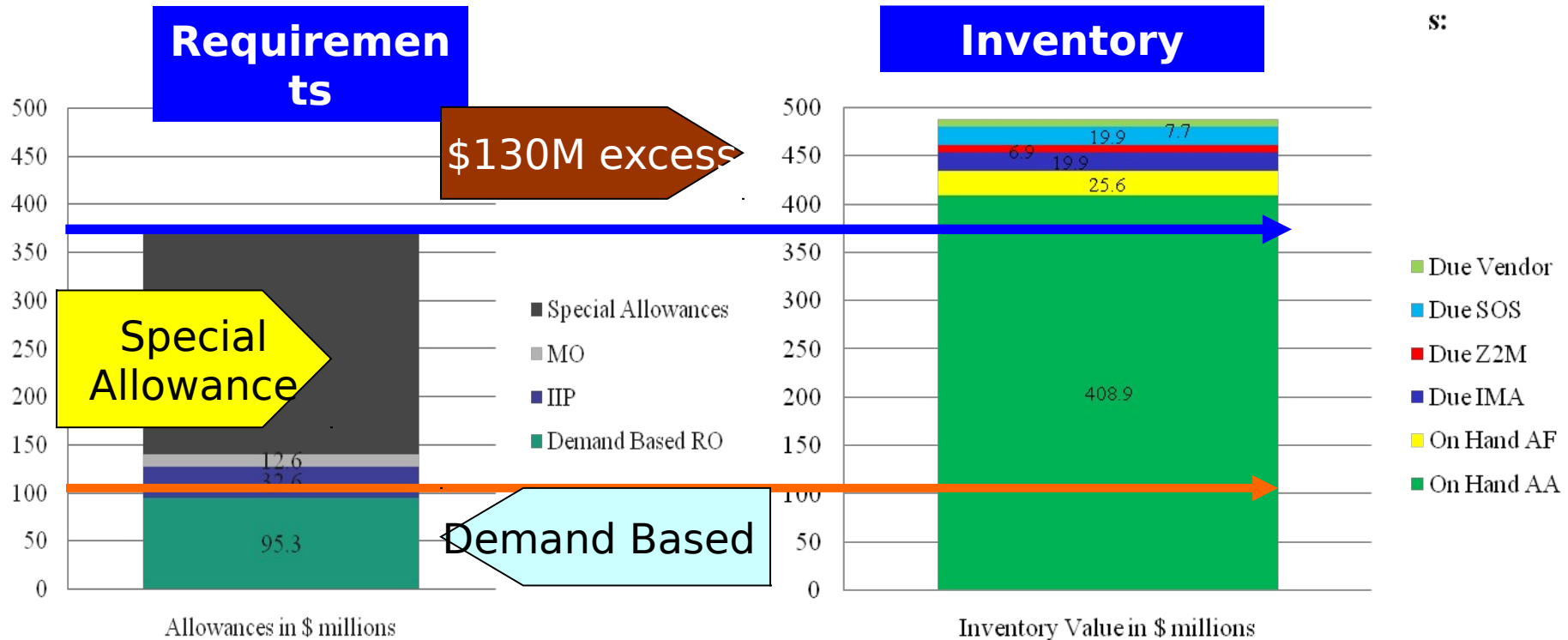
# Backup Slides







# Centralized SECREP Management Potential of Enterprise Management



**\$394M Total Inventory above Demand Based Allowance**  
**\$130M Total Inventory above Demand based, IIP, and MO allowances.**  
**35% Of Current Total Allowances, (\$95.3M) is Demand Based.**



# Centralized SECREP Management Pilot Test Overview



- LOGCOM will provide Site Managers and support contractors to conduct the POP Pilot Test at the following RIPs:
  - MMFAF5 and MMFAD2 Camp Lejeune, NC
  - MMFAK9 and MMFAR4 MCLB, Albany, GA (MARFORRES)
  - MMFAG8 and MMFAG3 Camp Pendleton, CA
  - MMFAG2 and MMFAA5 Camp Smith, HI
  - MMFAF7 and MMFAG4 Camp Butler, Okinawa, JA
  - MMFAL1 Camp Al Taqaddum, IZ



# Centralized SECREP Management Pilot Test Overview



- LOGCOM will not provide Site Managers at the following RIPs; as such, conduct of the POP Pilot Test will be limited to monitoring business decisions made by these RIPS and how those decisions impact the enterprise; SECREPS held at these RIPs are part of the enterprise inventory:
  - MMFAH7 MCB, Quantico, VA (TECOM)
  - MMFAT2 KEESLER AFB, Biloxi, MS (TECOM)
  - MMFAH8 Twentynine Palms, CA (MCAGCC)
  - MMFAM4 Camp Pendleton, CA (MCTSSA)
  - MMFAU1 Blount Island Command, Jacksonville, FL



# Centralized SECREP Management Business Rule Development



## Functional areas for business rules:

- Inventory Management
  - Enterprise SECREP Manager to support local RIP OICs in their responsibility of Consolidated Asset Listing (CAL) management
- Allowance Management
  - LOGCOM documents and archives baseline inventory prior to leading recomp effort in collaboration with MARFORs for each RIP
  - Pre-recomp excesses to ERQ to be redistributed to fill deficiencies across the enterprise. Remaining excesses screened to fill PWR before being processed via MRP.
  - Post-recomp excesses and deficiencies to be redistributed ISO enterprise deficiencies or B/Os, screened to fill PWR requirements, and then processed via MRP. Buys initiated to fill deficiencies only after all redistributions considered.



# Centralized SECREP Management Business Rule Development



## Functional areas for business rules:

- Sourcing and Distribution Management
  - Enterprise SECREP Manager, in collaboration with RIP and IMA, to determine if there is an enterprise requirement for SECREP prior to induction into IMA. (Consider local asset posture, enterprise asset posture, phase-in/-out plans, DMSMS, obsolescence, and IMA skill set retention requirements.
  - Carcass disposition decision process – Enterprise SECREP Manager, in collaboration with RIP and IMA, will determine specific action to be taken on code F carcass (ie. Contracted repair, MRP, or disposal)
  - Enterprise sourcing decision ISO customer B/O – when no code A stock locally OH to fill customer rqmt, Enterprise SECREP Manager, in collaboration with RIP and IMA, will determine optimal method to fill B/O through source management. (Consider sourcing options to include requirement criticality, WIP status, enterprise asset posture, availability from SOS, in-transit status, and cost vs. time tradeoff.



# Centralized SECRET Management Business Rule Development



Functional areas for business rules:

- Procurement Management
  - Utilization of an “enterprise buy strategy”
  - OPFORs will only buy to those allowances approved by enterprise SECRET Manager during recomp and subsequent allow adjustments
  - Enterprise SECRET Manager to collaborate with MARFORs to develop recommended buy lists that consider enterprise stock posture
  - Any credit received from MRP will be provided back to originating RIP
  - Cancellation of outstanding requisitions from prior FYs will at the discretion of MARFORs, even when they are “excess dues”
  - Redistribution of assets within allowance will be reimbursed with like item replacement from the SOS (bill to RIP receiving redistribution / ship to RIP that executed redistribution)



# Centralized SECREP Management Measuring Efficacy



Requirement to capture additional information:

- Enterprise Customer Demands
- Adherence to Recommended Buy Strategy
- Inventory Breadth and Depth over time
- Total Inventory \$ Value (AA, AF, Dues: IMA, SOS, Vendor, Z2M)
- Total Allowances \$ Value (MO, IIP, Flt RO, Special)
- Tracking of Actions on Excess Inventory
- Total Material Returns Credits
- Redistributions: Count, \$ Value of Inventory, ISO of BOs
- Redistribution Transportation Cost (ATAC)
- Redistribution Transportation Cost (Other than ATAC)





# Centralized SECREP Management History



- Declared IOC FY 01
- Managing MARFORRES RIP at Albany ~2 years
- 20 embedded RIP SMEs across USMC and growing
  - RIP assistant/inventory management advisor
  - facilitate Material returns program
  - Low Density account management
  - Continuity and training
- Enterprise support cell in Albany for technical support
  - ~\$214m redistributions (~\$77m filled customer B/O's)
  - Advocate to inventory managers and PMs
  - Enterprise visibility



# Centralized SECREP Management History



- Enterprise initiatives and information dissemination
  - Working configuration challenges with respective PM
  - Developing warranty management process for CLS fielded SECREPs to remove burden from RIP
  - Establishing training and assessment team to train RIP personnel and conduct follow up assessments/special analysis as required
- Coordinating with GCSS-MC to include RIP management processes and concerns
- Leveraged RoM initiative



- KEY**



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